



City of El Paso

FY 2017 Budget Overview

Tommy González, City Manager

June 28, 2016



Mayor & City Council Strategic Plan

Mission: Deliver outstanding services to support a high quality of life for residents, businesses and visitors.

Vision: El Paso will have safe and beautiful neighborhoods, a vibrant regional economy and exceptional recreational, cultural and educational opportunities.

Values: Integrity, Respect, Excellence, Accountability, People



Mayor & City Council's Strategic Plan

Provides clear direction to staff on what activities, initiatives, and results need to be accomplished to deliver the necessary services to the community.



Bond Rater Comments

- We view the city's management as very strong, with **"strong" financial policies and practices** that are strong, well embedded, and likely sustainable. (Standard & Poor's)
- El Paso's **budgetary performance is strong** in our opinion. After three years of general fund operating deficits (due primarily to various one-time expenses), the city was able to improve its fiscal 2015 general fund performance (Standard & Poor's)
- El Paso's **budgetary flexibility is very strong**, in our view, with an available fund balance in fiscal 2015 of 11.5% of operating expenditures, or \$38.9 million. We believe the city's ability to raise revenues or manage expenditures to maintain budgetary flexibility and performance will be essential to maintaining the current rating. (Standard & Poor's)



The 20 Best Places to Live in the U.S. for Quality of Life

El Paso ranked 9th on the survey conducted by the U.S. News & World Report.

Factors included crime rates, quality and availability of health care, quality of education, well-being and average morning commute time





FY 2016-2017 Budget Message



"Delivering Outstanding Services"



Aligning to the Strategic Plan





Improving Fiscal Management & Processes



Improving communication

- Budget updates since April
- Council Budget Request software to provide input
- One-on-one budget briefings prior to workshops



Improving organizational stability

- Revenue projections meeting budget
- Budget discipline to maintain costs
- No mid-year reductions

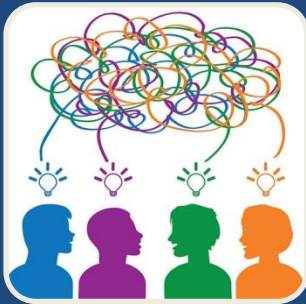


Improving Fiscal Management & Processes



Implementing programs that bring efficiency and innovation to services provided

- Ex. Parks permitting, pothole patching, landline telephone and internet cost reductions



Utilizing focus groups to address valuable or complex issues

- Ex. Healthcare plan redesign – reduced costs by \$3.2M, or 1 penny on the tax rate



Economic Development

Stabilize and Expand El Paso's Tax Base



- 4,268 jobs created since FY 2013
- 6,092 jobs retained since FY 2013
- Over \$633M in capital investments
- New non-stop service flights to San Diego, Las Vegas, and Orlando



Addressing Key Priorities (Recent Results)

Reserves

- \$3.7M net increase from FY 2015, plus
- \$1.3M increase included in FY 2016

Employees

- One-time lump sum payments, new incentives
- Shape It Up wellness program (\$600 to \$1,800)

Streets

- Equipment replacement (three pothole patchers)
- ADA improvement funding (\$500K)



Addressing Key Priorities (Recent Results)

Quality of Life

- \$3.3M for Westside Pool and 3 spray parks
- \$2.0M for playground equipment replacement

Economic Development

- Creation of stand-alone dept. in 2015
- Revised economic and air development incentives

Public Safety

- 80 Police cadets, more overtime for downtown
- 15 additional positions funded in 911 Call Center
- Vehicle/Equipment Replacement (\$1.2M)

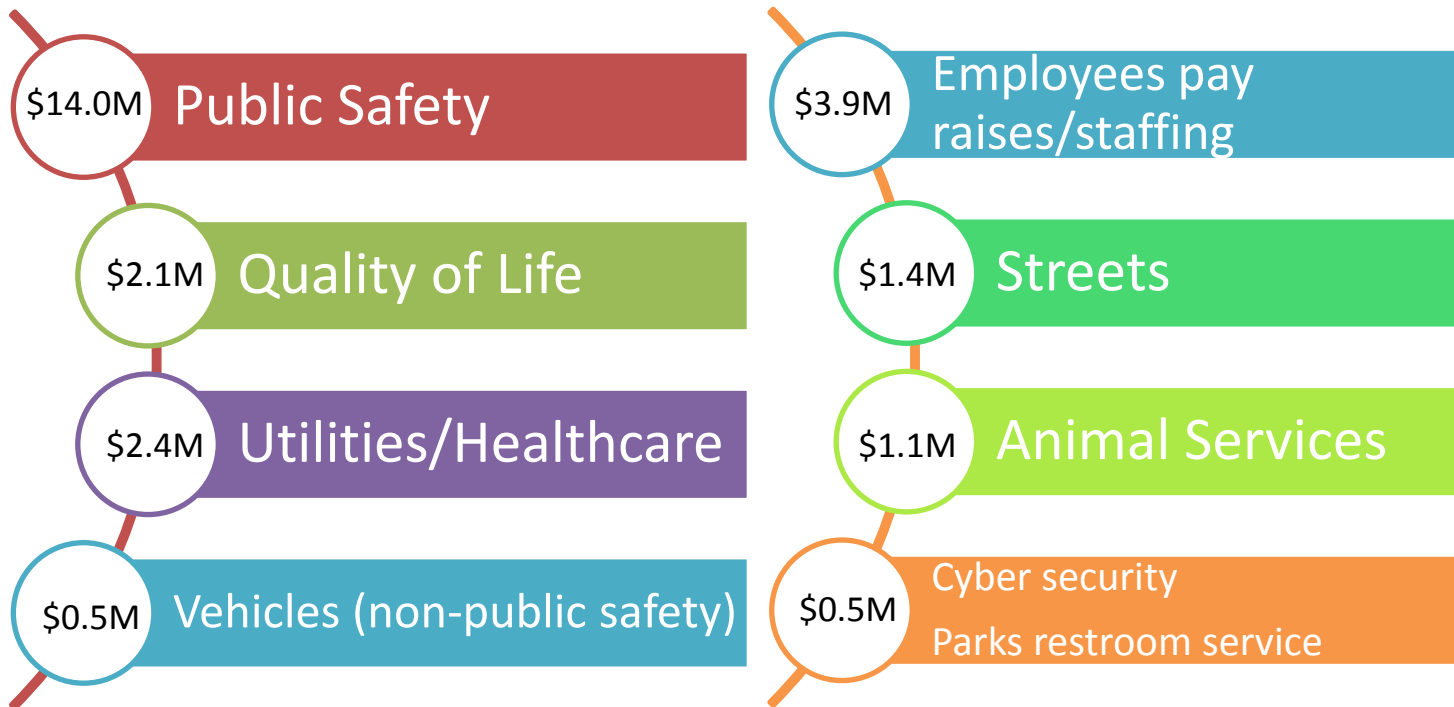


FY 2016-2017 General Fund

- Budget increasing by \$17.4M due to cost drivers (public safety, quality of life, healthcare, utilities)
- Additional \$8.5M in service enhancements absorbed into budget (employee pay increases, new positions, streets, animal services, parks restroom service, information technology, and vehicles)
- No major fee increases, service reductions, or layoffs



FY 2016 – 2017 Budget Priorities





FY 2016-2017 Property Tax

- Recommended property tax rate increase of 3.86 cents
 - 1.75 cents Operating & Maintenance
 - Voter approved Fire collective bargaining agreement
 - Quality of Life bond projects operating costs
 - 2.11 cents Debt Service
 - Voter approved Quality of Life bond projects
 - Council approved Street CIP
 - Aligns with debt modeling presented by CFO Dr. Sutter
 - Stays below 30 cent debt service rate cap
 - Moves up Signature Projects to earlier years
 - Traditional debt issuance (no more reimbursement method)



FY 2016-2017 Property Tax

- Over 65 and Disabled Property Tax Exemption
 - \$10,000 increase approved by City Council in 2012 (from \$30K to \$40K)
 - Implemented in FY 2016 continues to be covered by General Fund in FY 2017
 - 45,826 City of El Paso homeowners receive one of these exemptions
 - Impact of approx. (\$3.3M) in property tax revenue (equivalent to one cent on the tax rate)



Property Tax Impact

	Average Valuation	Tax Rate	Property Tax Levy	Variance
FY 2016	\$126,643	0.729725	\$924.15	
FY 2017	\$127,590	0.768310	\$980.29	\$56.14

	\$100,000 Valuation	Tax Rate	Property Tax Levy	Variance
FY 2016	\$100,000	0.729725	\$729.73	
FY 2017	\$100,000	0.768310	\$768.31	\$38.59



FY 2016-2017 General Fund Revenues

- Sales Tax Projected Increase of \$4.8M, 5.7%
- Franchise Fees Projected Increase of \$3.3M, or 6.5% (Primarily El Paso Water, Electric, and Telecom)
- Fines & Forfeitures Decreasing by (\$1.2M), or (10.3%) Due to No Amnesty Period and Decline in Ticket Issuance
- Engineering Charges to Capital Projects Decrease of (\$841K), or (15.2%) Due to Underfunded Capital Projects



FY 2016-2017 Public Safety



Police

- 80 Cadets (year 2 of 10 year plan to add a net increase of 30 Officers per year)
- 2.5% increases for Officers (plus step increases)
- 20 Police vehicles



Fire

- 3% pay increases for uniform employees (voter approved)
- 75 Fire trainees, 46 public safety communicator trainees
- 4 Vehicles (2 ambulance, 2 fire trucks)

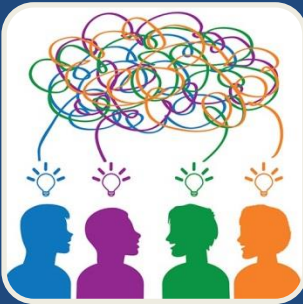


FY 2016-2017 City Employees



Compensation Increases

- 2.5% for employees earning < \$50K
- 2.0% for employees earning \$50K to \$100K
- 1.5% for employees earning > \$100K
- Increases for part-time employees earning less than \$10 per hour (3 year implementation to get to \$10 per hour)



Healthcare Costs

- Estimated 70% of Civilian Participants Will Pay the Same or Less
- Reduced total City & Employees out of pocket premium cost by \$3.2M (equivalent to one cent on the tax rate)



FY 2016-2017 City Employees



Other Compensation Benefits

- Shape It Up Wellness Program continues (employees can earn between \$50 and \$150 monthly)
- Incentives for perfect attendance, safety, on-the-spot U Matter
- Tuition Assistance



FY 2016-2017 Quality of Life



Quality of Life Bond projects operating costs

- 9 more QoL projects to be completed (45 already complete)
- Ex. Zoo wildlife theater, event tent, and education animal holding
- Ex. Library – Richard Burgess Branch expansion
- Ex. Parks – Polly Harris Senior Center



Miscellaneous

- Additional restroom service at parks (one per each District)
- City match for a Parks water conservation grant (included in original budget request, however the City was not selected as recipient)



FY 2016-2017 Infrastructure



Streets & Maintenance

- Increased funding for pothole patching and striping materials
- 3 new street sweepers
- \$250,000 Included for ADA improvements
- \$500,000 for construction of 2 signalized intersections



Capital Improvement

- Additional staffing resources for Capital Improvement Department (ex. DCM Public Works, 7 Construction Superintendents, Civil Engineer, Landscape Architect)



FY 2016-2017 Animal Services



Animal Services

- Initiative approved by Council in January to increase live release rate
- \$1.1M increased funding for staffing, materials, and supplies



FY 2016-2017 Sound Governance



Staffing

- Additional positions added for grants compliance and reporting
- Additional auditor and funding for external auditing
- Additional position for open records requests
- New contract compliance positions for (Economic Development , Purchasing, and Community Development)
- Additional positions added to Purchasing Dept. to help with workload from bond projects



Council Budget Requests

TrnID	Trans_Date	Representative	Request	Response
1	5/24/2016	Svarzbein, Peter	test	
2	5/31/2016	Acosta, Emma	Increase the salary for legislative Aides in the City Reps offices.	The salary budget for each District has been increased by \$5,200, or 6.2%. There have not been increases to the salary budgets since FY 2013
3	5/31/2016	Acosta, Emma	ADA curb cuts, traffic calming improvements need to be funded each year from funding sources other than bonds. The Street infrastructure is not being funded appropriately. the 2012 Bond authorized to improve the infrastructure but not to be the only funding available for street infrastructure.	On Feb. 9, 2016 the Council approved \$500K from year-end savings to be used for ADA improvements. In addition to this \$500K, we are recommending \$250K in FY17 which would bring the total commitment to \$750K within six month period to start addressing these requests. Traffic calming funding in the C.O.'s is already programmed.
4	6/14/2016	OMB for Ordaz, Claudia	Following up on a conversation representative Ordaz had w Tommy at her last meeting, can I follow up on the request in to looking in to adding a position at the MVTC on Alameda to assist with the following: Welcome Visitors to Lowenstein House, give history info, show videos, Direct visitors to express bus, Prepare Calendar for Community Educational Speakers and Art Exhibits set up, host receptions & clean up, report on building repairs., assist bus riders with info., distribute info. to terminals, and assist with larger events as needed	Staff is currently reviewing this request and will follow up with a response.



Council Budget Requests

TrnID	Trans_Date	Representative	Request	Response
5	6/15/2016	Tolbert, James H.	Begin to have a regular budget item for streets and sidewalks including maintenance and repairs. Whatever amount that we budget for this year should over time be increased so that we do not have to borrow money in order to maintain our streets and sidewalks.	In addition the Street CIP funding, there is over \$800K for emergent/on demand paving and also work done for the EPWU that is reimbursed. Additionally, the FY17 budget includes \$250K for ADA improvements, as well as more funding for pothole and striping materials, and the construction of two traffic signalized intersections.
6	6/15/2016	Tolbert, James H.	Establish a budget for street lights - an equal amount to each district. Let's begin with \$150,000 per district.	Currently there is not an allocation for streetlights. The average cost of a residential street light is \$2,000; a reasonable allocation for work to be done citywide would be \$50k to \$100k. To clarify again, this is for residential street lights which do not require design or managed contraction and are not continuous. Continuous lighting would be a CIP project and avg. cost exceeds \$500k per mile without landscaping.
7	6/15/2016	Tolbert, James H.	Each City Council rep will have a discretionary fund of \$15,000.	The FY17 budget includes an increase of \$5K (\$10K per District) for discretionary funds. This would restore the funding back to the same level as FY13 before discretionary was reduced to \$5K



Council Budget Requests

TrnID	Trans_Date	Representative	Request	Response
8	6/15/2016	Tolbert, James H.	Increase budget for police department to train and hire more police officers per Chief Allen's requests.	The FY17 is the 2nd year of a ten year plan to include 80 Cadets in the Police budget to achieve a net increase of 30 Officers annually (after avg. attrition of 50 Officers per year.) Additionally, Council's approval of the Forward Drop pension plan should help to keep more seasoned veterans on the force longer.
9	6/15/2016	Tolbert, James H.	General overall principle: set a goal and begin to do what is necessary to raise sales tax revenues and decrease property taxes. Do not balance the budget by raising tax rates. It is time to cut them.	The City of El Paso has seen 27 consecutive months of increases in our current period collections for sales taxes. Last year we had an increase of 4.41% in our overall sales tax collections which was the largest increase since FY2011. Additionally, the Mayor & Council's commitment to economic development has resulted in the creation of 4,268 jobs, the retention of 6,092 jobs, and over \$633M in capital investment. Finally, last year commercial property valuations increased by 4.9%, which is well above the prior three year average of a 2.6% increase.



Citizen Budget Input – Budget Think Tank

Request	Response
Open Pat O'Rourke pool at 5:00 pm	The Parks and Recreation Department uses customer surveys to assist us in determining whether a schedule change is necessary in order to accommodate our customers. The last survey that was conducted reflected that the greatest number of customers used the facility during the posted operating hours. Therefore at this time we are not contemplating a change, however, we will conduct a user survey in the near future and ask our customers again for their preference.
Increase staffing level for city pools so all of the community can be better served; raise the entrance fees to our pools and aquatic programs to help offset the costs of our pools; increase fees for public for open swim and increase fees overall	The City will begin a fees and charges review of aquatic program in FY17, in preparation for any fee changes to be incorporated into the FY18 budget. This analysis will include meeting with aquatic user groups for input and discussion. We are in the process of creating a comprehensive plan which addresses aquatic facilities with lower graded condition assessments and amenities city wide. The plan will allow us to apply corrective action as well as be proactive in making sure our facilities and amenities are consistently up to par.
Program regular maintenance of park amenities (benches, swings, etc.)	Parks Department conducts annual condition assessments, and determines what amenities have outlived their useful life. In FY2016, City Council took action to replace 15 playgrounds that were "D" rated. The Department is currently in the process of replacing these amenities.
We are the only city where the sport of tennis is only available for the affluent members of our community. All of our children deserve better	The City seeks to provide accessible tennis at no charge to the community through a number of sources, including: City owned and provided facilities; interlocal agreements with school districts for joint use; lease agreements with privately run facilities.



Citizen Budget Input – Budget Think Tank

Request	Response
Tax incentive program to attract more air service	El Paso International Airport does, in fact, have an incentive program in place and it has been revised recently to keep up with what is being offered throughout the industry. Our air service development incentive program offers a waiver of landing fees as well as dollars for marketing of a new flight, which is based upon the number of seats available on an aircraft; the larger the aircraft utilized for the new flight, the larger the incentive. The airport was successful in attracting Allegiant Airlines to our market; Allegiant offers non-stop service to San Diego and Las Vegas and due to high demand and response from the community, Allegiant announced new seasonal service to Orlando/Sanford as well.
EPLA suggest that the funding for granting should be raised	The Museums & Cultural Affairs FY17 budget includes an increase of \$14,411 for this activity
Hire more Police Officers	The FY17 is the 2nd year of a ten year plan to include 80 Cadets in the Police budget to achieve a net increase of 30 Officers annually (after avg. attrition of 50 Officers per year.) Additionally, Council's approval of the Forward Drop pension plan should help to keep more seasoned veterans on the force longer.

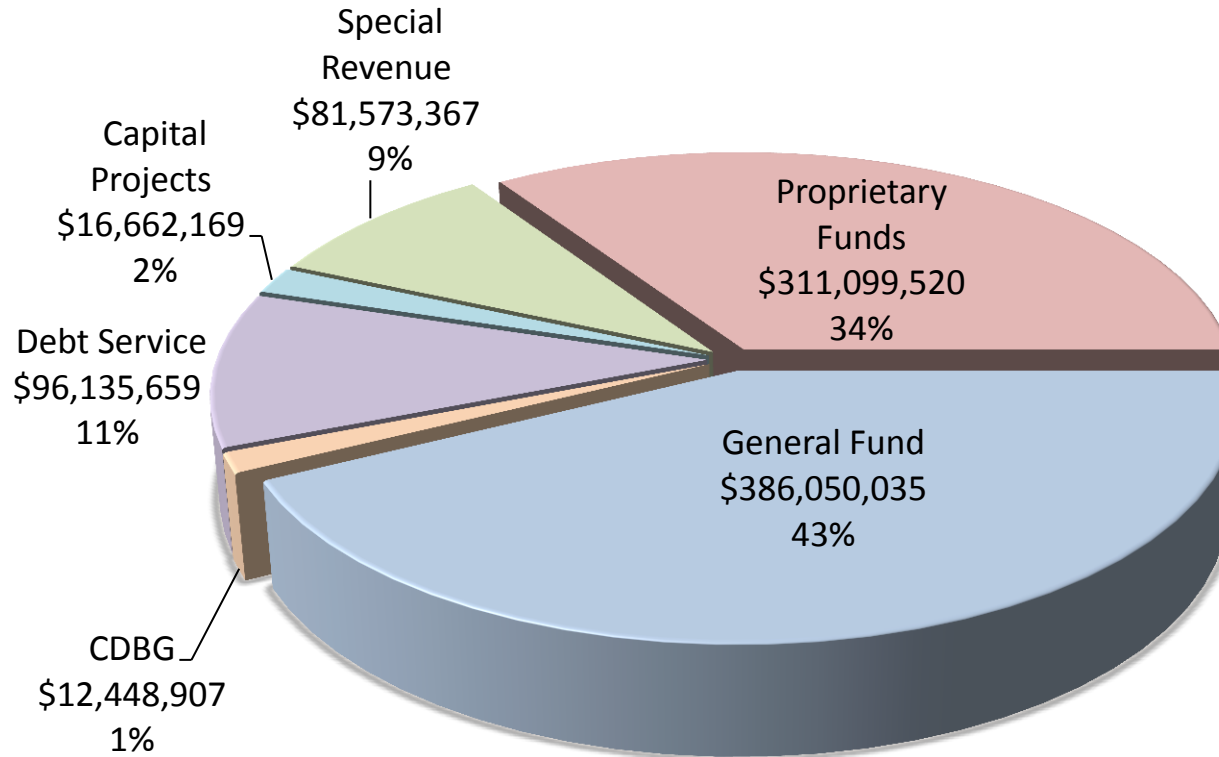


FY 2017 Budget Overview & Multi-Year Financial Outlook

Robert Cortinas, Director OMB



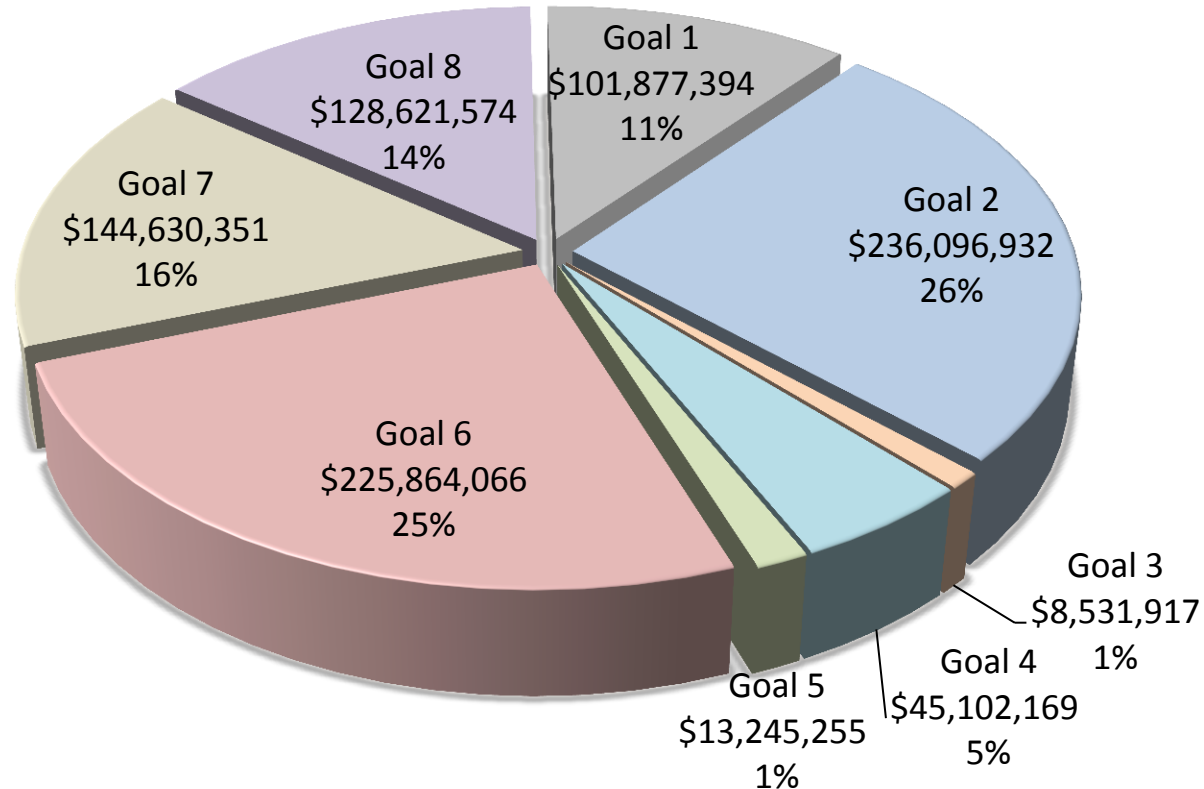
FY 2016 – 2017 All Funds Budget





FY 2016 – 2017 All Funds Budget

- Goal 1
Economic Development
- Goal 2
Safety
- Goal 3
Visual Image
- Goal 4
Quality of Life
- Goal 5
Communication
- Goal 6
Sound Governance
- Goal 7
Infrastructure
- Goal 8
Sustainability



"Delivering Outstanding Services"



FY 2016 – 2017 All Funds Budget

	FY2015 ADOPTED	FY2016 ADOPTED	FY2017 PRELIMINARY	FY2017 Requested Over/(Under) FY2016 Adopted	
				Amount	Percent
General Government	\$359,516,646	\$368,693,090	\$386,050,035	\$17,356,945	4.7%
CDBG	\$13,346,131	\$14,015,082	\$12,448,907	-\$1,566,175	-11.2%
Debt Service	\$91,647,203	\$87,421,244	\$96,135,659	\$8,714,415	10.0%
Capital Projects	\$5,797,926	\$6,336,314	\$16,662,169	\$10,325,855	163.0%
Special Revenue	\$71,194,365	\$66,067,568	\$81,573,367	\$15,505,799	23.5%
Proprietary	\$299,589,539	\$302,349,488	\$311,099,520	\$8,750,032	2.9%
Total	\$841,091,810	\$844,882,786	\$903,969,658	\$59,086,872	7.0%

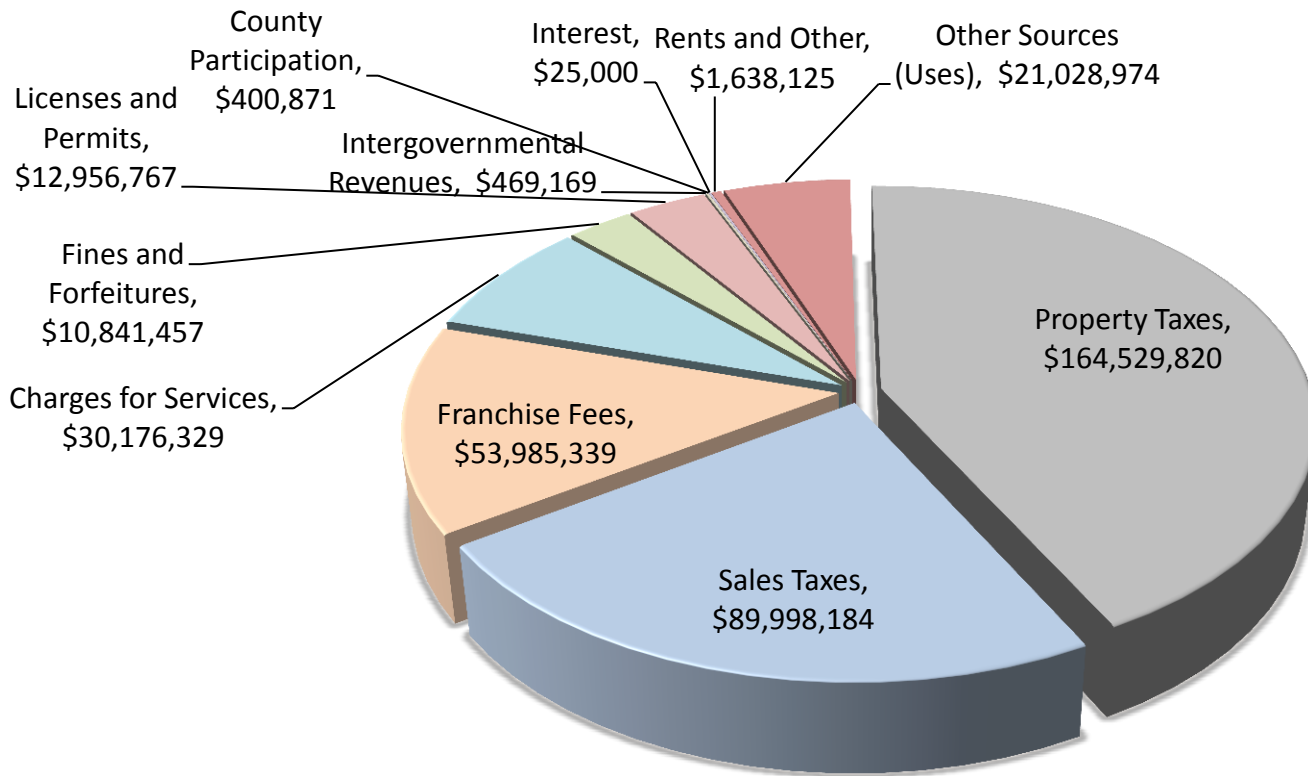


FY 2016 – 2017 All Funds Budget

	FY2016 ADOPTED	FY2017 PRELIMINARY	FY2017 Preliminary Over/(Under) FY2016 Adopted	
			Amount	Percent
Goal 1 Economic Development	\$97,018,784	\$101,877,394	\$4,858,610	5.0%
Goal 2 Public Safety	\$221,547,570	\$236,096,932	\$14,549,362	6.6%
Goal 3 Visual Image	\$8,419,879	\$8,531,917	\$112,038	1.3%
Goal 4 Quality of Life	\$42,044,905	\$45,102,169	\$3,057,264	7.3%
Goal 5 Communication	\$11,634,192	\$13,245,255	\$1,611,063	13.8%
Goal 6 Sound Governance	\$217,063,417	\$225,864,066	\$8,800,649	4.1%
Goal 7 Infrastructure	\$135,839,414	\$144,630,351	\$8,790,937	6.5%
Goal 8 Healthy Community	\$111,314,625	\$128,621,574	\$17,306,949	15.5%
Total City	\$844,882,786	\$903,969,658	\$59,086,872	7.0%

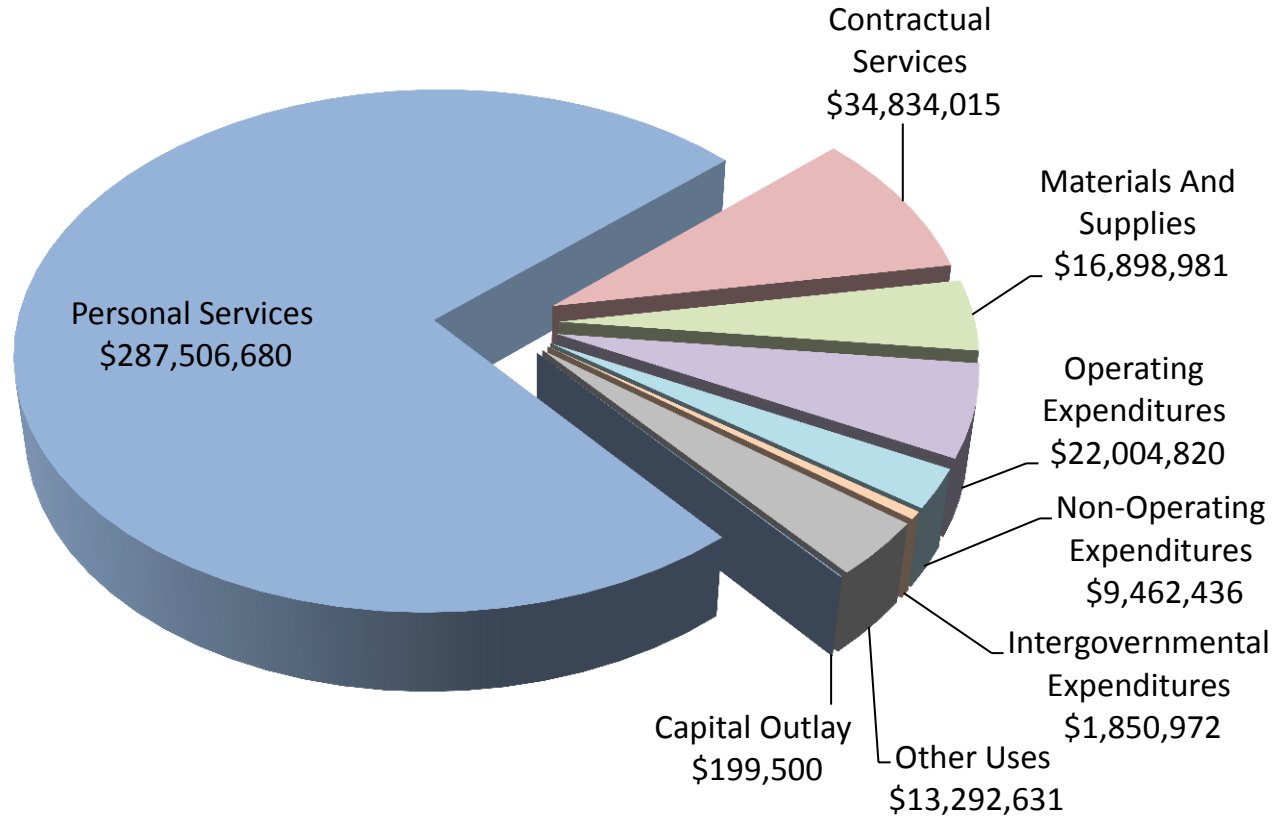


FY 2016 – 2017 General Fund Revenues





FY 2016 – 2017 General Fund Expenses



"Delivering Outstanding Services"



FY 2016 – 2017 General Fund Budget

	FY2016 ADOPTED	FY2017 PRELIMINARY	FY2017 Preliminary Over/(Under) FY2016 Adopted	
			Amount	Percent
Goal 1 Economic Development	\$1,777,782	1,840,395	\$62,613	0.1%
Goal 2 Public Safety	\$215,251,653	\$224,497,982	\$9,246,329	4.2%
Goal 3 Visual Image	\$7,479,727	\$7,608,691	\$128,964	1.5%
Goal 4 Quality of Life	\$35,559,714	\$38,548,792	\$2,989,078	7.1%
Goal 5 Communication	\$11,489,192	\$12,313,203	\$824,011	7.1%
Goal 6 Sound Governance	\$51,437,612	\$52,618,034	\$1,180,422	0.5%
Goal 7 Infrastructure	\$39,055,262	\$41,713,153	\$2,657,891	2.0%
Goal 8 Healthy Community	\$6,642,148	\$6,909,786	\$267,638	0.2%
Total City	\$368,693,090	386,050,035	\$17,356,945	2.1%



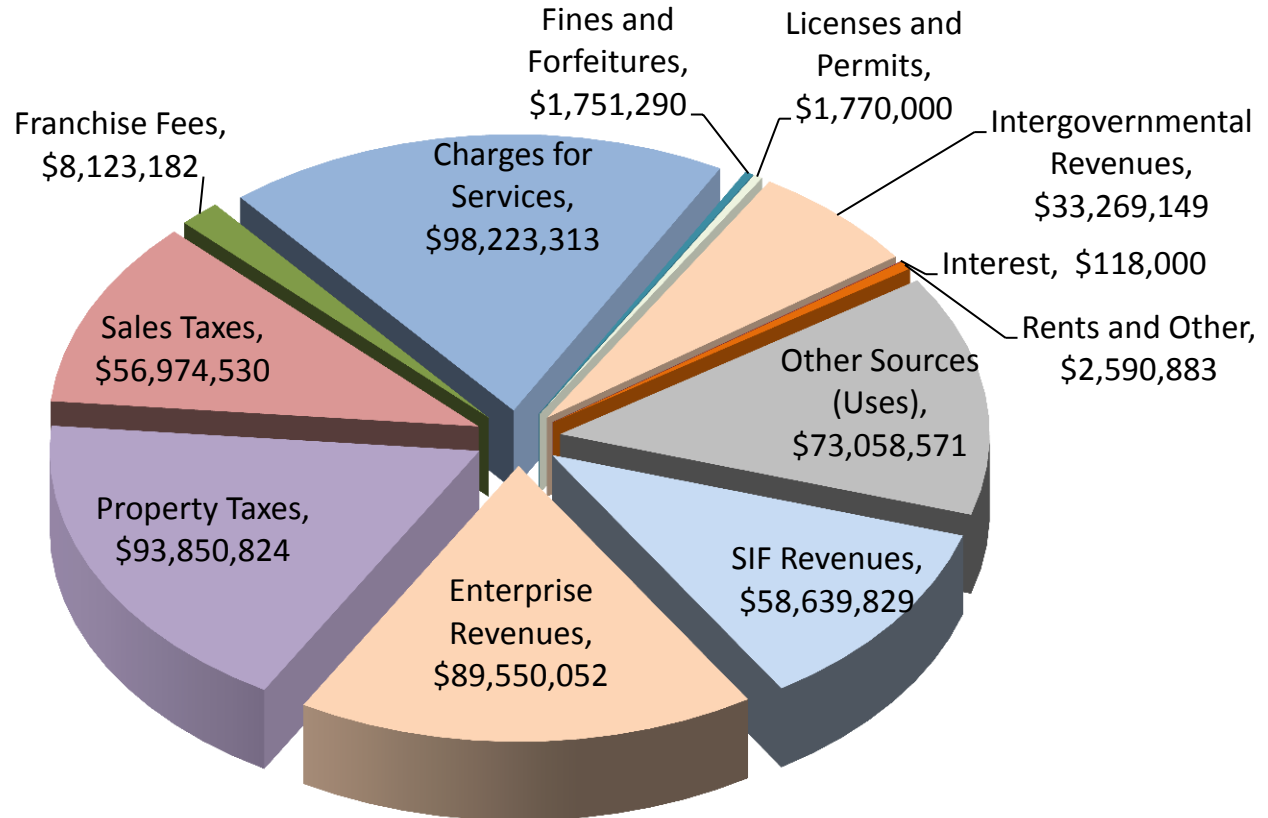
General Fund Highlights/Variances

Department	Increase/ (Decrease)	Description
Economic Development	62,613	Addition of (1) Contract Compliance Coordinator
Fire	4,200,112	Collective Bargaining
Police	5,046,216	Collective Bargaining
Planning and Inspections	128,963	Addition of (1) Sr. Planner
Library	353,212	QoL expanded facilities
Museum and Cultural Affairs	(9,966)	Reorganization for increased efficiency
Parks and Recreation	2,214,498	Water, land mgmt, QoL operating costs
Zoo	431,334	QoL operating costs
Information Technology	824,011	Records Mgmt. function transferred from SAM
City Attorney	57,236	Addition of (1) Public Affairs Coordinator
City Manager	375,498	Addition of Executive Positions and auditing
Human Resources	20,940	Funding for (1) Training Specialist
Mayor and Council	27,272	Salary increases for staff support
Municipal Clerk	22,866	Compensation/healthcare increases
Non-Departmental	(125,261)	Reduced operating contingency
Office of the Comptroller	622,321	Addition of positions for grants & treasury
Purchasing and Strategic Sourcing	254,551	Addition of 3 Procurement Analysts and 1 Con. Mgr.
Capital Improvement Department	(1,027,611)	Transfer of Resurfacing function to SAM
Streets and Maintenance	3,685,501	Resurfacing from CID, utilities, materials
Community and Human Development	121,231	Addition of (1) Proj. Compliance Specialist
Public Health	146,406	Addition of (2) Zika prevention positions
Total	17,431,945	

"Delivering Outstanding Services"



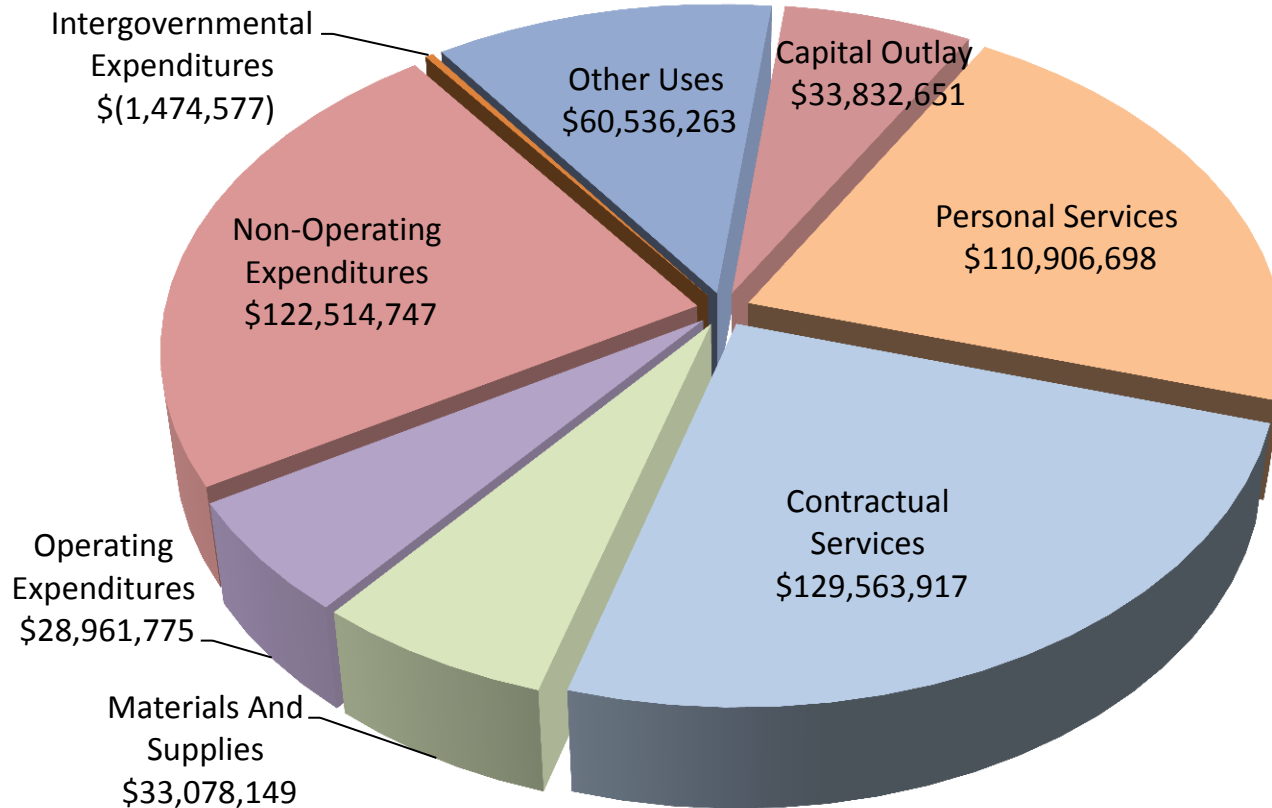
FY 2016 – 2017 Non-General Fund Revenues



"Delivering Outstanding Services"



FY 2016 – 2017 Non-General Fund Expenses



"Delivering Outstanding Services"



FY 2016 – 2017 Non-General Fund Budget

	FY2016 ADOPTED	FY2017 PRELIMINARY	FY2017 Preliminary Over/(Under) FY2016 Adopted	
			Amount	Percent
Goal 1 Economic Development	\$95,241,002	\$100,036,999	\$4,795,997	4.9%
Goal 2 Public Safety	\$6,295,917	\$11,598,951	\$5,303,034	2.4%
Goal 3 Visual Image	\$940,152	\$923,226	-\$16,926	-0.2%
Goal 4 Quality of Life	\$6,485,191	\$6,553,376	\$68,185	0.2%
Goal 5 Communication	\$145,000	\$932,052	\$787,052	6.8%
Goal 6 Sound Governance	\$165,625,805	\$173,246,032	\$7,620,227	3.5%
Goal 7 Infrastructure	\$96,784,152	\$102,917,198	\$6,133,046	4.5%
Goal 8 Healthy Community	\$104,672,477	\$121,711,789	\$17,039,312	15.3%
Total City	\$476,189,696	517,919,623	\$41,729,927	4.9%



Non-General Fund Highlights/Variances

Department	Increase/ (Decrease)	Description
Aviation	1,217,824	Increase in revenue and transfer to fund balance
Destination El Paso	2,037,046	Increased budget for capital repairs, HOT
Economic Development	756,619	Chapter 380 and 312 agreements (Impact Fund)
International Bridges	784,507	Increase in bridge crossings and parking meter revenue
Fire	(97,781)	Grant match
Police	5,400,815	Budgeting grants now, instead of when awarded
Planning and Inspections	(16,926)	Decrease in Environmental Fee funding (no service change)
Museum and Cultural Affairs	(90,436)	Decrease in projected donations for community outreach
Parks and Recreation	144,853	Increase in environmental fee for mowing contract
Zoo	13,768	Operational increases
Information Technology	787,052	Capital recovery from Enterprise funds
City Attorney	(43,886)	Decrease in CDBG funding allocation
Human Resources	(3,582,511)	\$3.5M increase in health costs, \$7M accounting change in retirees (rev/expen)
Mayor and Council	40,000	Increase discretionary for each district by \$5K
Municipal Clerk	(28,733)	Decreased use of fund balance in security fund
Non-Departmental	11,038,664	Increase due to debt service and transfer of \$3.5M for debt/capital
Office of the Comptroller	9,609	Slight increase in projected auctions revenue
Tax	187,085	Increase in indirect costs
Capital Improvement Department	(248,511)	Decrease in Environmental Fee funding (transferred to SAM)
Metropolitan Planning Organization	520,392	Federal funding for consultants
Streets and Maintenance	4,347,261	Increase for vehicles, traffic intersections, ADA, Env. Fee fund materials
Sun Metro	1,513,904	Addition of positions, bus maintenance/repairs, overtime
Animal Services	9,724,236	New department, includes transfer of Animal Control positions from ESD
Community and Human Development	(1,404,821)	Decrease in entitlement grants and one-time Housing Revolving loan funds
Environmental Services	10,019,978	\$10M needed to open four new landfill cells
Public Health	(1,300,081)	Decrease due to continuing grants budgeted in prior years
	41,729,927	



Multi-Year Financial Outlook (MYFO)

Robert Cortinas, Director OMB



9.1 Conduct Long-Range Financial Planning

Principle: Develop a Budget Consistent with Approaches to Achieve Goals

Element: Develop and Evaluate Financial Options

Practice: A government should have a financial planning process that assesses the long-term financial implications of current and proposed policies, programs, and assumptions and that develops appropriate strategies to achieve its goals.

Rationale: Financial planning expands a government's awareness of options, potential problems, and opportunities. The long-term revenue, expenditure, and service implications of continuing or ending existing programs or adding new programs, services, and debt can be identified. The financial planning process helps shape decisions and permits necessary and corrective action to be taken before problems become more severe.

Outputs: The planning process results in the preparation of a financial plan consisting of various components such as an analysis of financial trends; an assessment of problems or opportunities facing the jurisdiction and actions needed to address these issues; and a long-term forecast of revenues and expenditures that uses alternative economic, planning, and policy assumptions. The financial plan identifies key assumptions and choices related to achievement of goals. The plan may be summarized in the budget document or in a separate report. It should be available to decision makers for their review in making choices and decisions related to the budget process. It should also be shared with stakeholders for their input.

Notes: A financial plan illustrates the likely financial outcomes of particular courses of action or factors affecting the environment in which the government operates. A financial plan is not a forecast of what is certain to happen but rather a device to highlight significant issues or problems that must be addressed if goals are to be achieved.



Purpose

- Financial Outlook is not a budget! Only preliminary estimates and the numbers will change
- Provides a current and long-range financial assessment
- Creates awareness of future challenges and opportunities
- Initiates discussion and feedback



Multi-Year Financial Outlook – MYFO (The Tool)

- Excel based model (created by OMB)
- Over 100 interrelated workbooks
- Driven by an interactive Dashboard (Scenario Manager)
- Time horizon is 15 years in future focusing on next 5 years
- Including multiple assumptions for revenues and expenditures
- Uses current economic and demographic trends and knowledge



Summary

- The base year includes currently available information on revenues received as of February 2016, to project year-end receipts and forecast future year trends
- The expenditure base is adjusted for all known and projected service level costs
- Continuation of current service levels with assumptions for inflationary factors to increase service costs and estimates for revenue growth or decline
- Revenue estimates presented in this document rely on conservative expectations for growth
- Base forecast for the expenditures were developed using cost escalation information from labor agreements, health insurance consultant analysis, and other research to inform five years of expense inflation factors



Key Assumptions - Revenues

- Property Tax
 - 1.8% valuation increase projected annually through 2021, except 2019 (2.8%) which is a reappraisal year
 - FY 2017 includes 3.86 cent tax rate increase (2.11 cent debt and 1.75 cent O&M)
 - FY 2018 includes 3.9 cent tax rate increase (1.9 cent O&M and 2.0 cent debt)
- Sales Tax
 - 4.9% increase in FY 2017
 - 3.0% increase in FY 2018 - 2021



Key Assumptions - Revenues

- Franchise Fees
 - Recent utility rate increases are included in projections
 - No future rate increases through 2021 are included
- Licenses & Permits/Fines & Forfeitures
 - Projected to remain stable with slow growth



Key Assumptions - Expenses

■ Personnel Costs

■ Uniform

- Includes collective bargaining impacts for salaries and healthcare costs. Current agreement expires August 2018 (placeholder included for potential future wage increases)
- 80 Police cadets per year (to achieve net increase of 30 Officers)
- Fire academies to maintain current staffing level

■ Non – Uniform

- Includes annual compensation increases ranging from 1.5% to 2.5%
- Includes annual healthcare increases of 8% based on consultants historical data
- Staffing increases resulting from Quality of Life bond projects



Key Assumptions - Expenses

- Operating costs for Quality of Life bond projects
 - Materials, supplies, utilities, etc.
- Economic Incentive Agreements
 - Includes estimates for expected annual reimbursements
 - Does not include estimates for future projects not yet approved
- Contracts and Materials estimated 1.5% inflation factor
- Animal Shelter improvements approved by City Council
 - Additional personnel
 - Capital items



Key Assumptions - Expenses

- Does not address key deferred items:
 - Facility improvements/maintenance
 - Streets infrastructure (ADA improvements, resurfacing)
 - Other future capital needs (Facilities, IT, etc.)

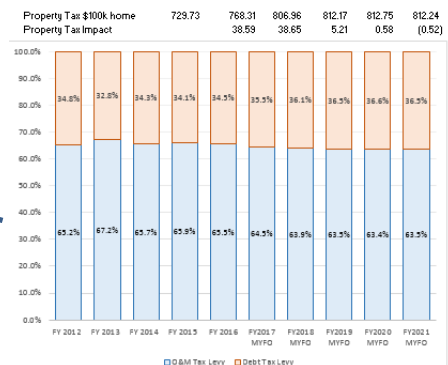


Multi-Year Financial Outlook (MYFO)

1) Scenario Manager

Key Revenue Assumptions	FY2016 PRELIM	FY2018 MYFO	FY2019 MYFO	FY2020 MYFO	FY2021 MYFO
Sales Tax Current Period	3.0%	3.0%	3.0%	3.0%	3.0%
Building Permits	0.5%	0.5%	0.5%	0.5%	0.5%
Property Tax Rate	0.7297	0.7483	0.8878	0.8122	0.8122
O&M (insert # pennies increase)		6.618	6.62	6	6
O&M	0.47813	0.4956	0.5156	0.5156	0.5156
Debt	0.25160	0.2727	0.2913	0.2945	0.2971
Key Revenue Assumptions					
Civilians	<50k	2.5%	2.5%	2.5%	2.5%
50k to 100k	2.0%	2.0%	2.0%	2.0%	2.0%
100k+	1.5%	2.0%	2.0%	2.0%	2.0%
Prorated impact (in months)	9	12	12	12	12
Uniform					
Cadets - Fire # +/-	30	30	30	30	30
Cadets - Police # +/-	-	-	-	-	-
Health Care - Police	23.0%	7.0%	7.0%	7.0%	7.0%
Health Care - Fire	23.0%	7.0%	7.0%	7.0%	7.0%

2) Tax Rate Distribution



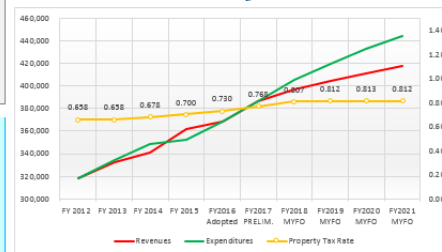
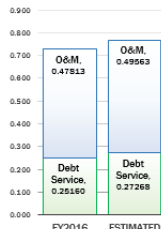
in 000	FY2016 Adopted	FY2017 PRELIM	FY2018 MYFO	FY2019 MYFO	FY2020 MYFO	FY2021 MYFO
REVENUES						
Property Taxes	155,513	164,530	174,253	179,084	182,309	185,590
Sales Taxes	85,173	85,998	92,332	94,990	97,742	100,569
Franchise Fees	50,707	53,985	53,626	54,094	54,607	55,165
Charges for Services	28,970	30,176	28,670	28,722	28,774	28,826
Fines and Forfeitures	12,084	10,841	11,248	11,328	11,409	11,491
Licenses and Permits	12,574	12,957	12,848	12,858	12,868	12,878
Intergovernmental Revenues	469	469	469	469	469	469
County Participation	401	401	401	401	401	401
Interest	100	25	100	100	100	100
Rentals and Other	1,673	1,638	1,673	1,673	1,673	1,673
Other Sources (Uses)	21,029	21,029	21,029	21,029	21,029	21,029
Total Revenues	368,693	386,050	396,649	404,755	411,381	416,192
EXPENDITURES						
Salaries & Benefits	274,082	287,507	298,471	309,519	321,342	330,668
Contractual Services	33,852	34,534	34,320	35,444	35,376	36,515
Materials and Supplies	16,516	16,899	15,891	16,129	16,371	16,617
Operating Expenditures	24,543	22,005	25,555	28,029	29,074	29,567
Non-Operating Expenditures	6,281	3,462	6,471	6,568	5,056	5,132
Intergovernmental Expenditures	1,546	1,851	1,593	1,617	1,641	1,666
Other Uses	12,873	13,293	22,740	22,496	23,647	23,679
Capital Outlay	0	200	65	66	67	68
Total Expenditures	368,693	386,050	405,716	419,867	433,174	443,312
Net	0	0	(9,067)	(15,113)	(21,793)	(25,720)

Links
[2. CFPMYFO - Summary.xlsx](#)
[3. Revenues - 411000 Sales Tax.xlsx](#)
[3.1 Property Tax.xlsx](#)
[3.2 Franchise Fees.xlsx](#)
[3.3 Fines and Forfeitures.xlsx](#)
[3.4 Ambulance Service Revenue and Fire revenues.xlsx](#)
[3.5 Planning and Inspection Revenues.xlsx Sheet\(2A\)](#)
[4. Personal Services - Civilian.xlsx](#)
[4. Personal Services - Uniform.xlsx](#)
[4. Personal Services - Uniform Police.xlsx](#)
[5. Expenditures - General.xlsx](#)

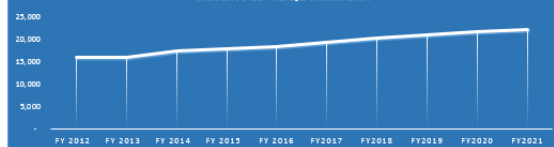
3) 5 Year Forecast

4) Revenues Expenses & Tax Rate

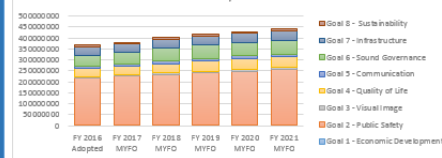
FY 2017 Property Tax Estimate



RESERVES REQUIREMENT



GF by Goal



"Delivering Outstanding Services"



in 000

REVENUES

	FY2016 Adopted	FY2017 PRELIM.	FY2018 MYFO	FY2019 MYFO	FY2020 MYFO	FY2021 MYFO
Property Taxes	155,513	164,530	174,253	179,084	182,309	185,590
Sales Taxes	85,173	89,998	92,332	94,998	97,742	100,569
Franchise Fees	50,707	53,985	53,626	54,094	54,607	55,165
Charges for Services	28,970	30,176	28,670	28,722	28,774	28,826
Fines and Forfeitures	12,084	10,841	11,248	11,328	11,409	11,491
Licenses and Permits	12,574	12,957	12,848	12,858	12,868	12,878
Intergovernmental Revenues	469	469	469	469	469	469
County Participation	401	401	401	401	401	401
Interest	100	25	100	100	100	100
Rents and Other	1,673	1,638	1,673	1,673	1,673	1,673
Other Sources (Uses)	21,029	21,029	21,029	21,029	21,029	21,029

Total Revenues

368,693 **386,050** **396,649** **404,755** **411,381** **418,192**

EXPENDITURES

Salaries & Benefits	274,082	287,507	298,471	309,519	321,342	330,668
Contractual Services	33,852	34,834	34,920	35,444	35,976	36,515
Materials and Supplies	15,516	16,899	15,891	16,129	16,371	16,617
Operating Expenditures	24,543	22,005	25,565	28,029	29,074	29,567
Non-Operating Expenditures	6,281	9,462	6,471	6,568	5,056	5,132
Intergovernmental Expenditures	1,546	1,851	1,593	1,617	1,641	1,666
Other Uses	12,873	13,293	22,740	22,496	23,647	23,679
Capital Outlay	0	200	65	66	67	68

Total Expenditures

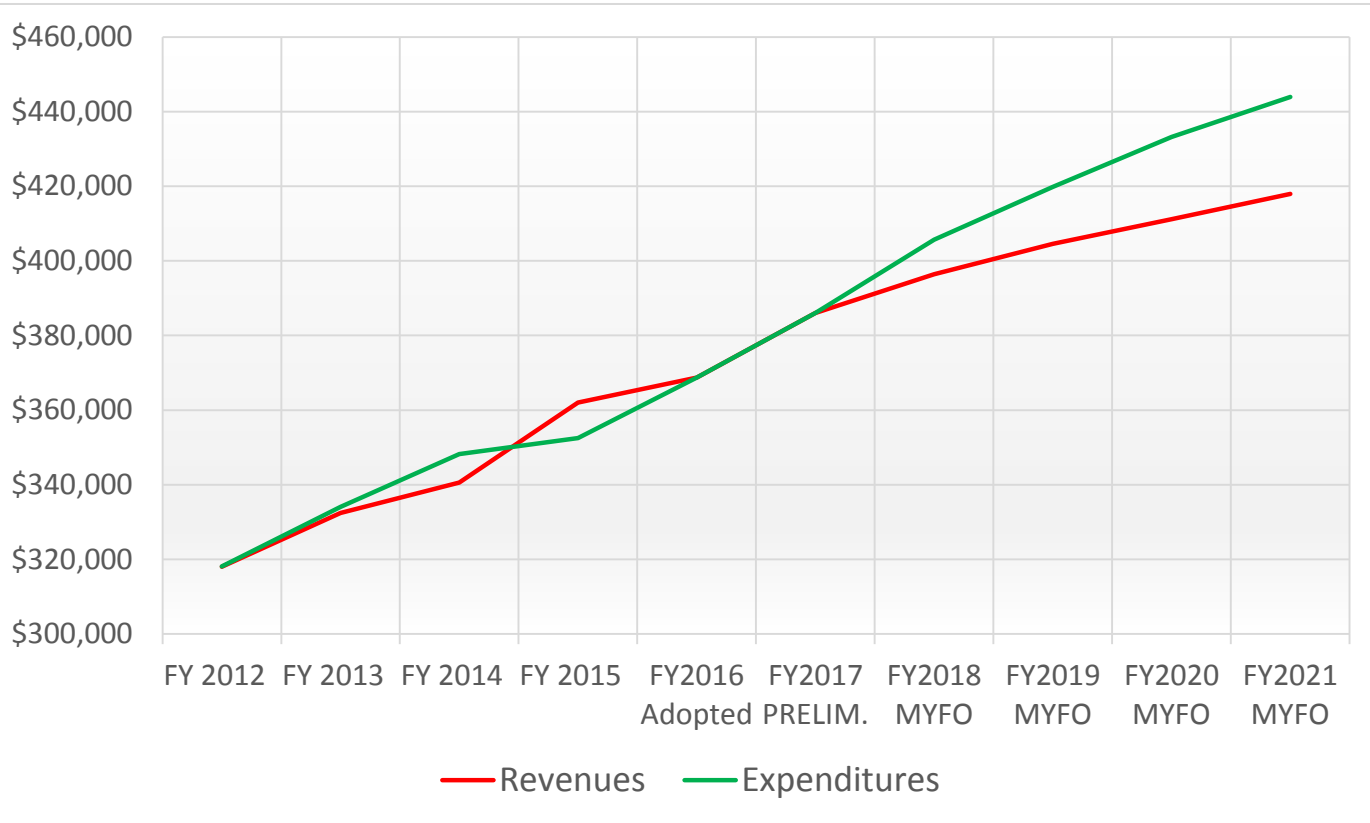
368,693 **386,050** **405,716** **419,867** **433,174** **443,912**

Net

0 **0** **(9,067)** **(15,113)** **(21,793)** **(25,720)**



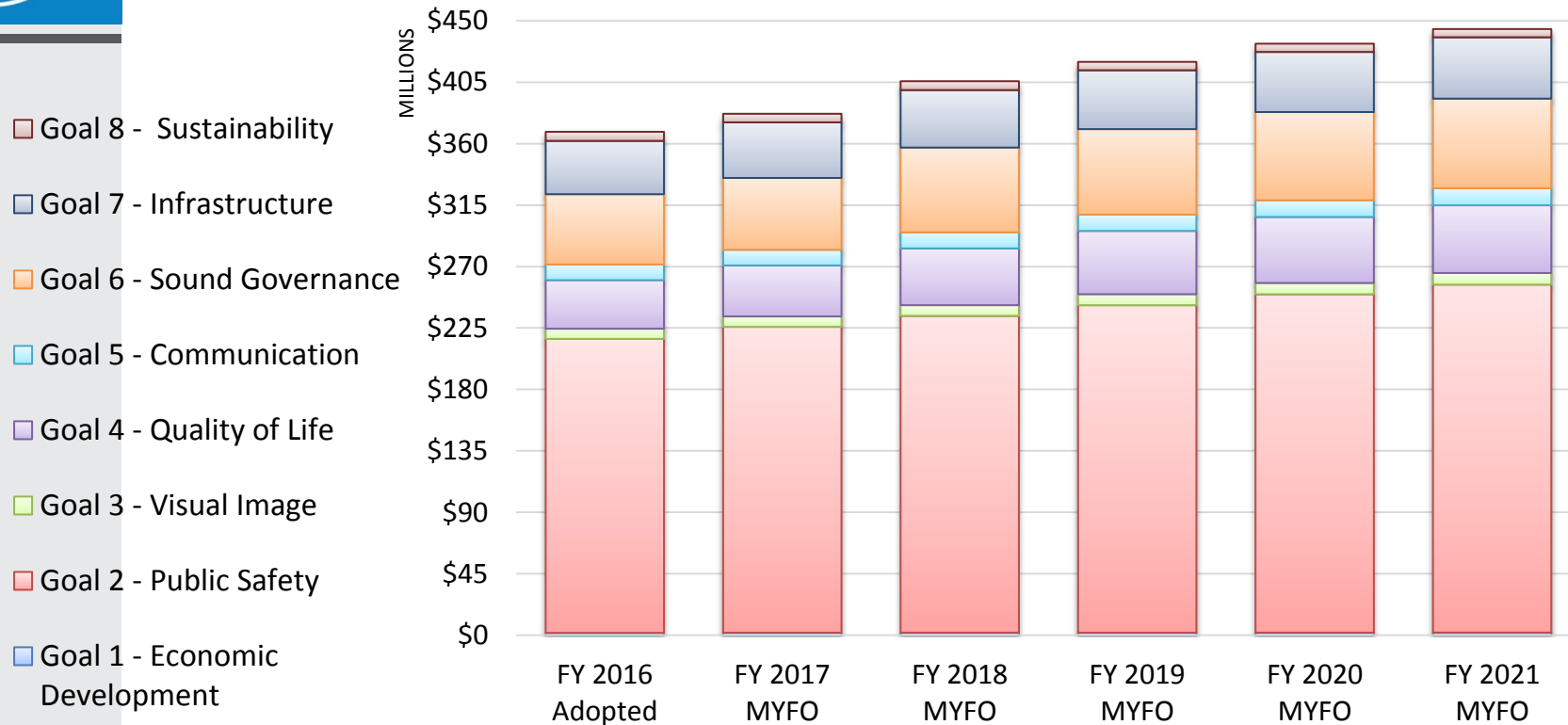
Summary



"Delivering Outstanding Services"

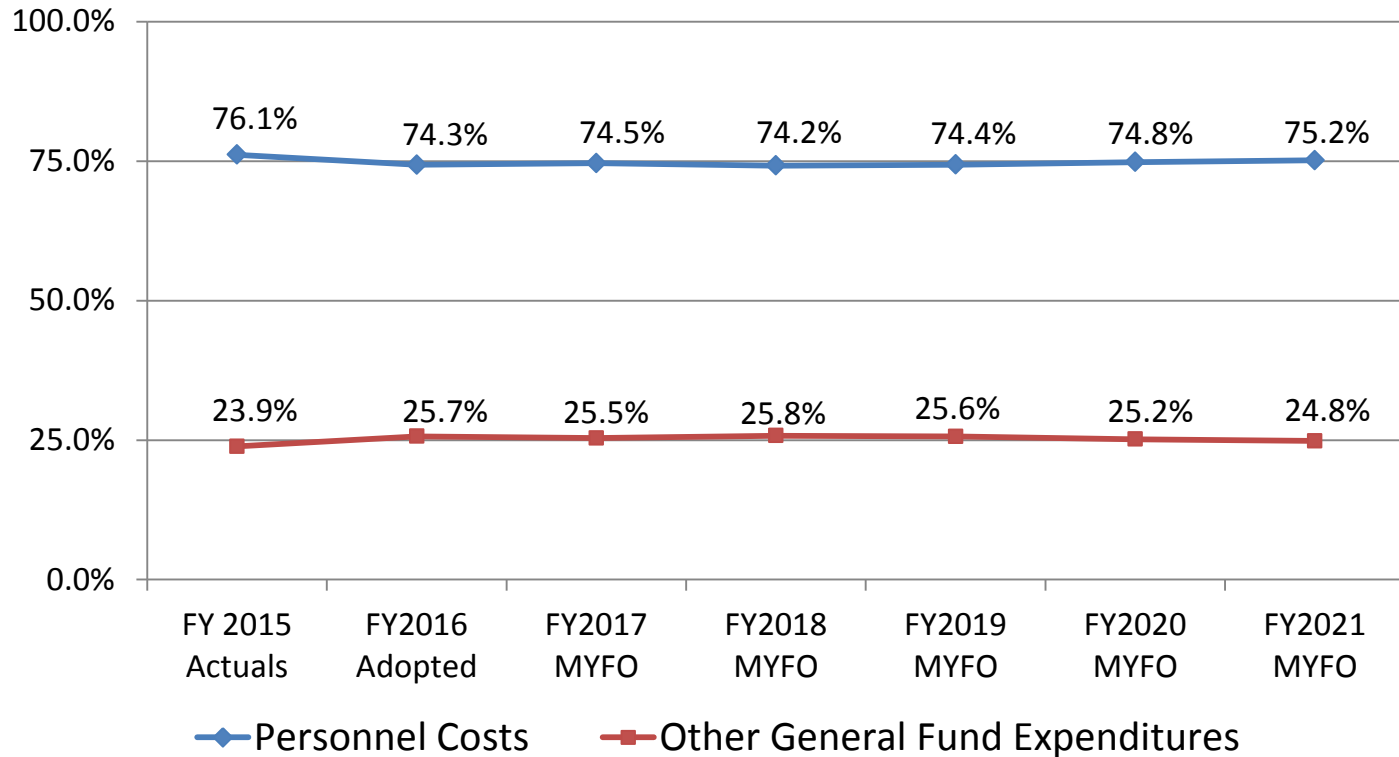


Summary by Goal





General Fund Expenditures





Strategies/Solutions

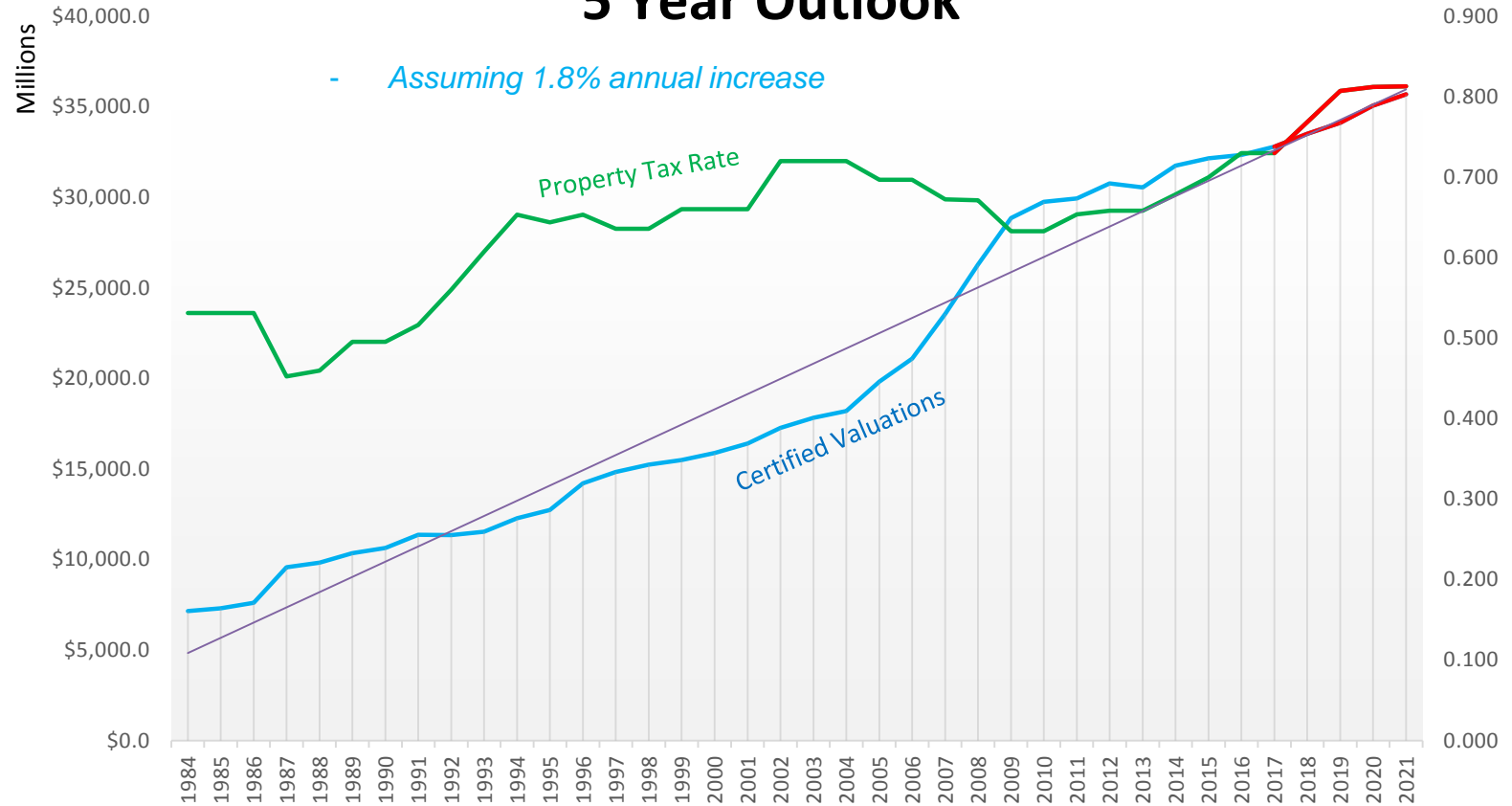
- Review services and identify those that could be reduced/discontinued
- Review processes and identify efficiencies
- Review and analyze staffing levels
- Public/Private partnerships
- Identify alternative sources of revenue
- Review fees for appropriate cost recovery



Questions



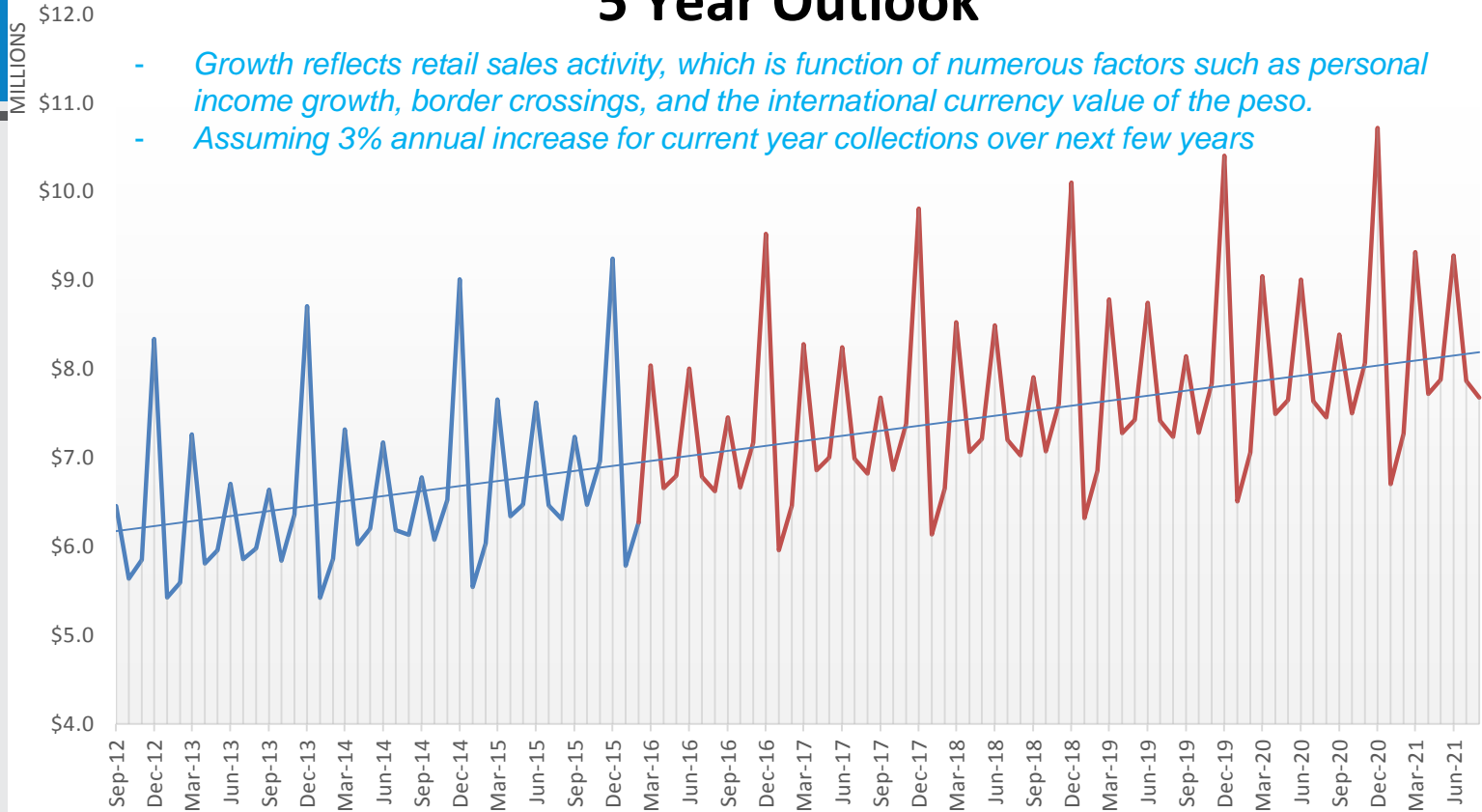
Total Certified Valuations and Property Tax Rate 5 Year Outlook





Sales Tax - Current Period Collections

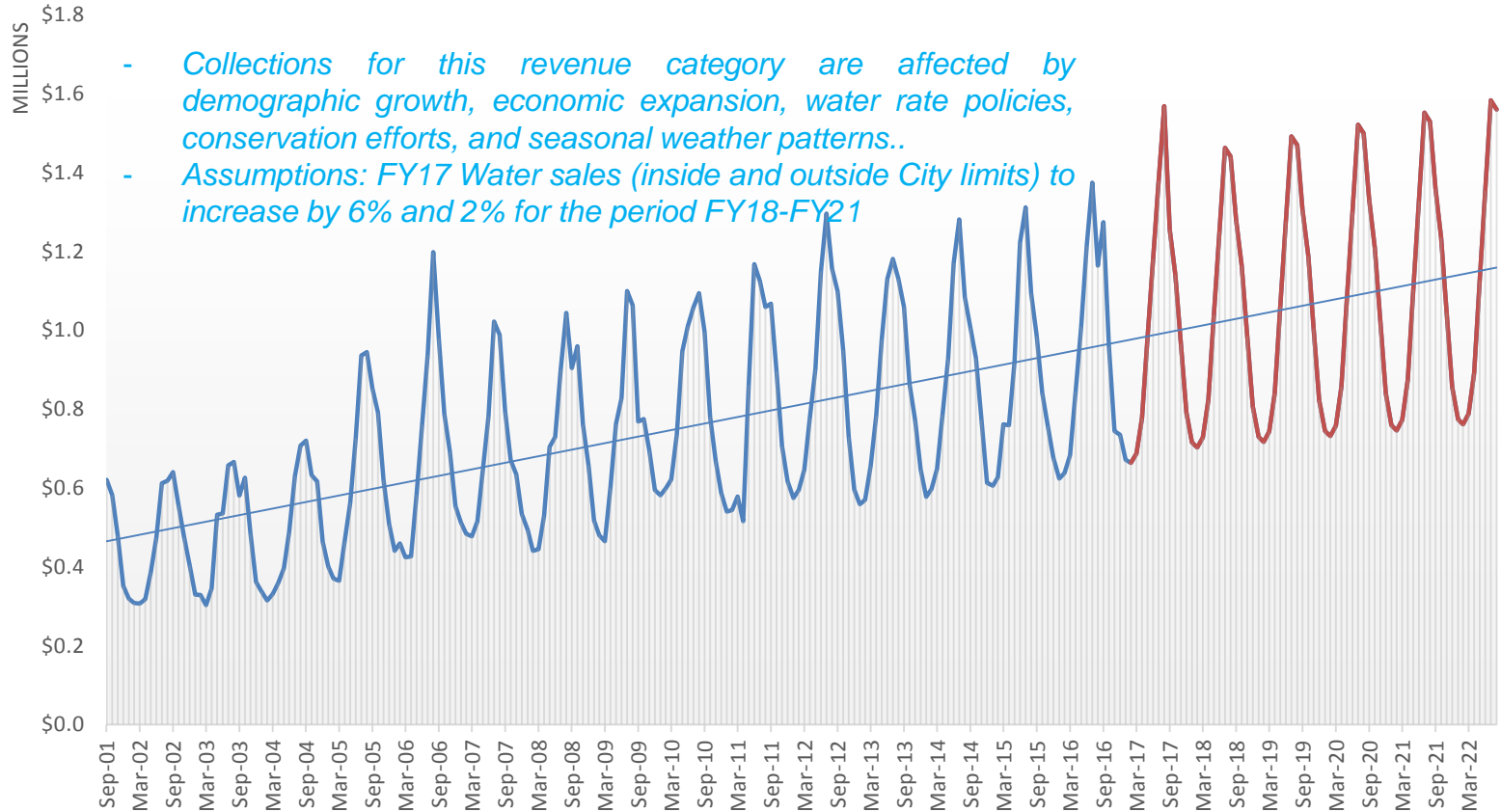
5 Year Outlook





EPWU - Franchise Fee

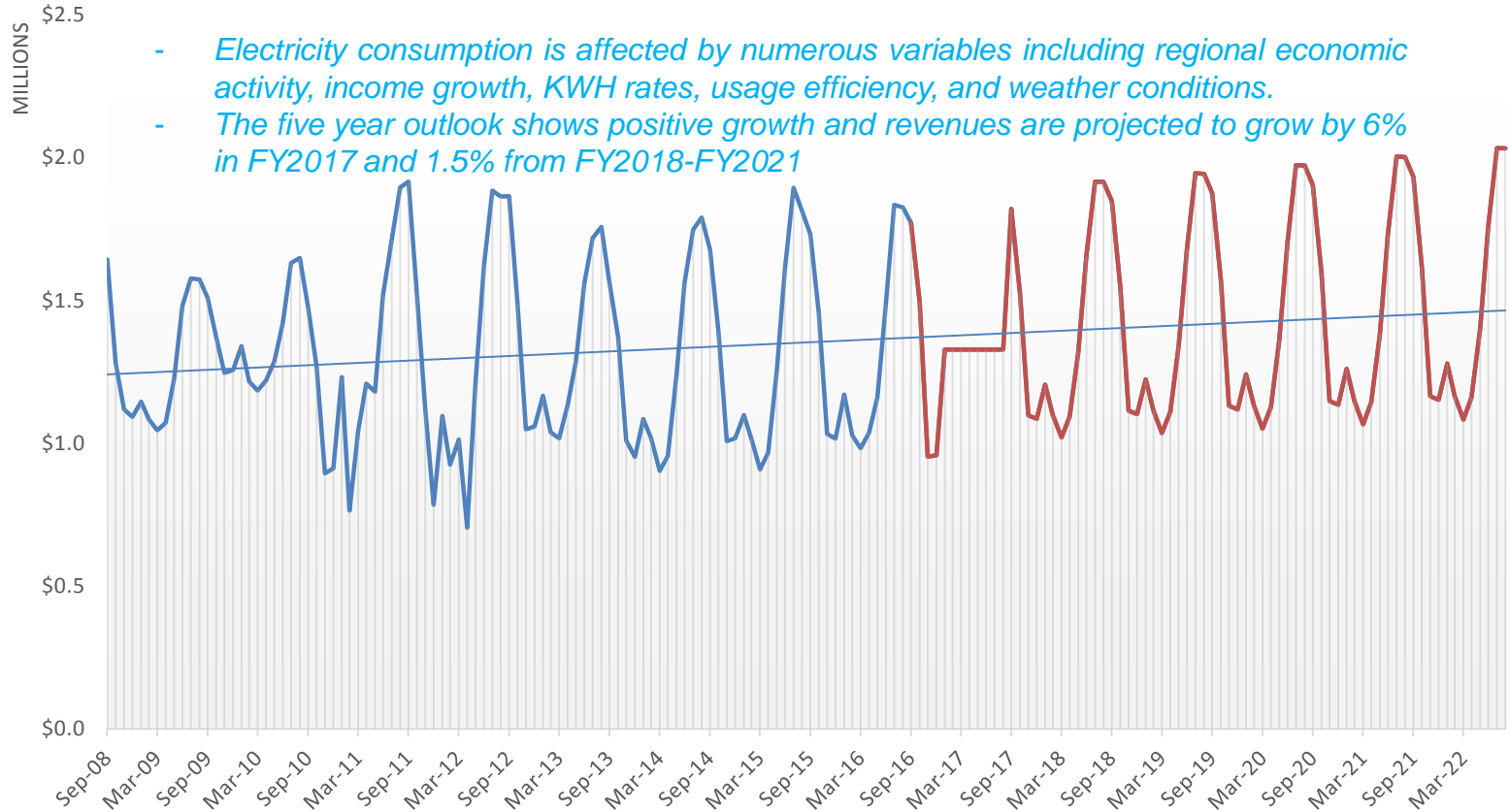
5 Year Outlook





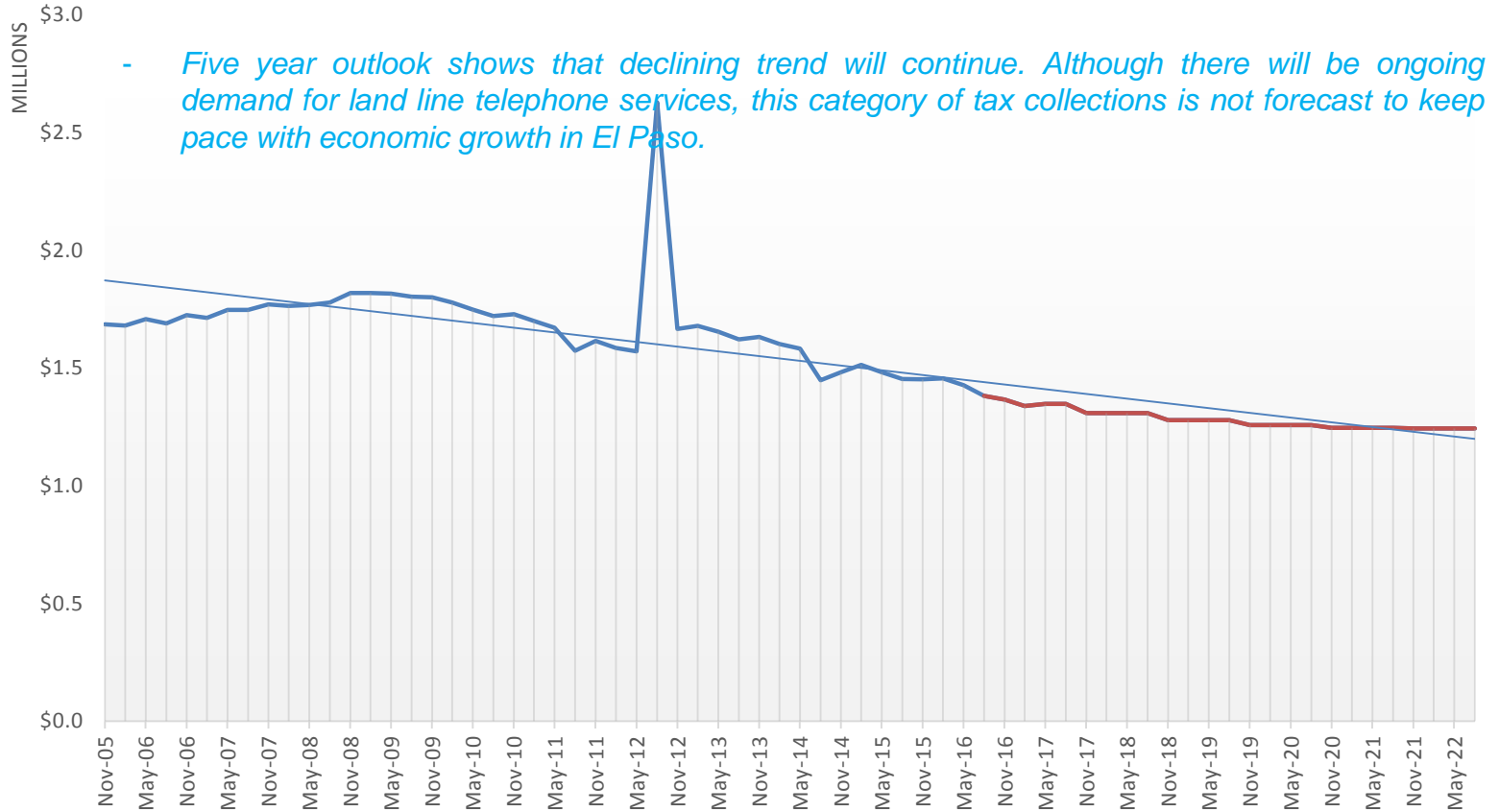
El Paso Electric - Franchise Fee

5 Year GF Outlook





AT&T - Franchise Fee 5 Year Outlook





Texas Gas - Franchise Fee

5 Year Outlook

